

VETERANS AFFAIRS

8950 Department of Veterans Affairs

The Department of Veterans Affairs (CDVA) has three primary objectives: (1) provide comprehensive assistance to veterans and dependents of veterans in obtaining benefits and rights to which they may be entitled under state and federal laws; (2) afford California veterans the opportunity to become homeowners through loans available to them under the Cal-Vet farm and home loan program; and (3) provide support for California veterans' homes where eligible veterans may live in a retirement community and where nursing care and hospitalization are provided. The department operates veterans' homes in Yountville (Napa County), Barstow (San Bernardino County), and Chula Vista (San Diego County). The homes provide medical care, rehabilitation, and residential home services. Using \$50 million in general obligation bonds available through Proposition 16 (passed by the voters in 2000), \$162 million in lease-revenue bonds (most recently amended by AB 1077 [Chapter 824, Statutes of 2004]), and \$207 million in U.S. Department of Veterans Affairs federal funds, the CDVA expects to open new veterans' homes in Ventura (opening in 2008), Lancaster (2008), West Los Angeles (2009), Fresno and Redding (both opening after 2009).

The Governor's budget funds 1,605 positions (including 52 new positions) and budget expenditures as follows:

If implemented as proposed, General Fund support for the CDVA will balloon from \$67.3 million in 2005-06 to a proposed \$112.3 million in the budget year—and increase of 67 percent over two years.

| Summary of Expenditures | | | | |
|--|------------------|------------------|-----------------|-------------|
| (dollars in thousands) | 2006-07 | 2007-08 | \$ Change | % Change |
| Fund Source | | | | |
| General Fund | \$87,957 | \$112,348 | \$24,391 | 27.7% |
| Veterans' Farm and Homebuilding Fund of 1943 | 182,555 | 180,549 | -2,006 | -1.1 |
| Federal Trust Fund | 23,395 | 28,017 | 4,622 | 19.8 |
| Reimbursements | 28,152 | 27,421 | -731 | -2.6 |
| Other Funds | 1,109 | 1,004 | -105 | -9.5 |
| Total, Fund Source | \$323,168 | \$349,339 | \$26,171 | 8.1% |

Highlights

Funding for Veterans' Homes. The Governor proposes a four percent increase in funding for the three active Veterans' Homes, from \$124.2 million in the current year to \$129.5 million in the budget year.

| Home <i>(dollars in thousands)</i> | 2006-07 Funding | Proposed 2007-08 Funding |
|--|----------------------------|---|
| Yountville | \$82,333 | \$85,172 |
| Barstow | 15,535 | 18,303 |
| Chula Vista | 26,348 | 26,020 |
| TOTALS | \$124,216 | \$129,495 |

Budget Authority Adjustment for Failed Intermediate Care Facility (ICF) Conversion at Chula Vista Veterans' Home. The Governor's Budget includes a reduction in Federal Fund and General Fund reimbursements by \$2 million and an increase in the General Fund contribution by \$940,000 to reflect an unsuccessful effort to convert the Chula Vista Residential Care for the Elderly Facility to an ICF. Eight positions will be eliminated pursuant to this adjustment. The Department sought and received approval to upgrade their care facility. However, during the conversion process the CDVA realized that the project was not financially or physically feasible due to fire and building code regulations, the need for revised architectural drawings, and unforeseen project costs.

Information Technology Infrastructure Upgrade. The Administration requests \$6.5 million General Fund and one two-year limited term position to upgrade the department's key information technology hardware and software infrastructure. The department asserts that they have made little investment in IT infrastructure during the last five years.

Enterprise Wide Veterans Homes Information System. The budget includes 22 positions and \$10.3 million to procure and implement a new Veterans Home Information System (VHIS) for the veterans' homes. The proposed system is intended to conform to federal regulations on data reliability and transferability. This enterprise solution is intended to address the IT needs of as-yet unbuilt homes and resolve contract issues with the current information system provider, Meditech.

Personal Services Contracts Adjustment. The Administration requests \$71,000 General Fund to increase the personal services budgets at the Chula Vista Home and Barstow Home in order to conform with recently negotiated labor agreements. Statute requires that all personal services contracts include employee compensation valued at no less than 85 percent of the state employer cost of providing comparable wages and benefits to state employees.

Veterans Claims Representation at District Offices. The Administration seeks \$180,000 General Fund and authority to convert two expiring limited term positions to permanent positions. The two Veteran Claim Representative positions were established through a 2005-06 Budget Change Proposal with direction to increase applications for benefits and reach out to underserved populations.

Reopen 40 Beds at Barstow Veterans Home. The Administration requests to reopen 20 beds at the skilled nursing facility at the Barstow Veterans Home with 19 new positions and \$2.3 million (\$2.1 million General Fund). The 20 remaining beds will open in 2008-09 budget year and ongoing costs to operate the 40 bed facility will be \$4.5 million (including \$2.9 million General Fund) and 54 positions. The CDVA believes opening this skilled nursing facility at Barstow will provide a better range of care to veterans and prevent the relocation of residents who require that particular level of care.

Position Funding Alignment. The budget includes 25 positions and \$2.8 million General Fund to reflect the realignment over time of positions originally assigned to the Farm and Home Program—and funded by sources other than General Fund—but reassigned to other General Fund supported programs such as the Farm and Home Program workload subsidy. The department was directed in current year budget bill language to provide a budget change proposal and workload justification for all 25 positions.

Greater Los Angeles/Ventura County (GLAVC) Veterans Home Start-Up Costs. The budget includes 8 positions and \$995,000 General Fund for the construction and pre-activation phases of the GLAVC veterans homes. The positions will oversee construction and business operations and ensure the veterans homes are compliant with federal, state, and local laws and regulations. The Department anticipates the first GLAVC home will open in December 2008.

Equipment Replacement Program. The budget includes \$3.2 million General Fund for ongoing maintenance and equipment replacement at the veterans homes and headquarters building. The average age of the homes' major, minor, and patient equipment is between 5 and 19 years old. The CDVA believes this appropriation is necessary to correct existing equipment deficiencies.

Baseline Adjustment for Operating Expense and Equipment. The budget includes an operating expense increase of \$1.5 million General Fund (ongoing) for increased costs of pharmaceuticals, outside medical services, central supply items, supplemental medical insurance, natural gas, and petroleum purchases.